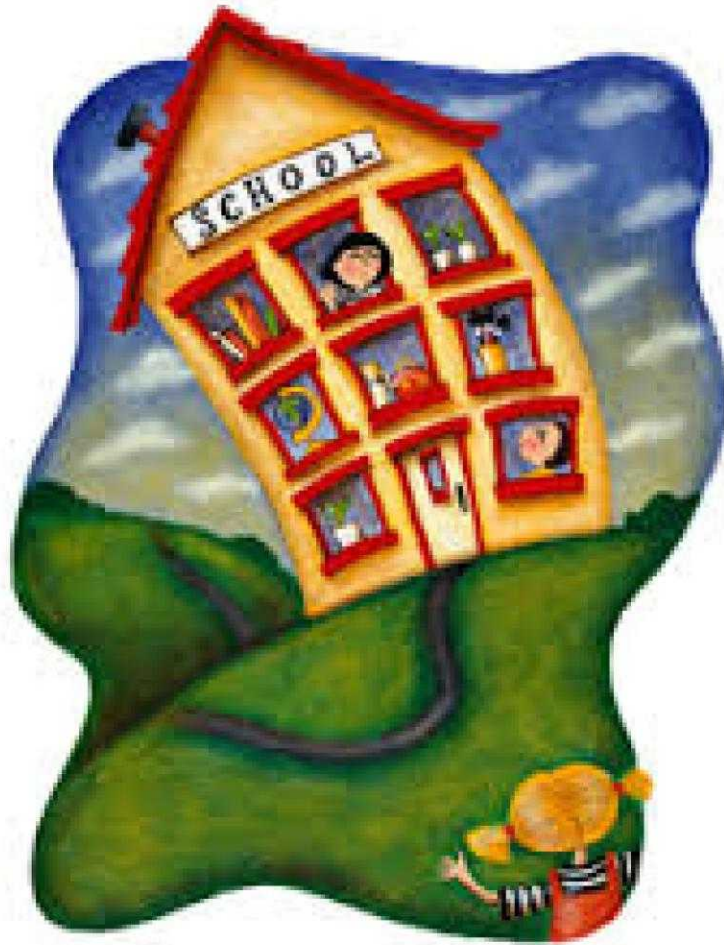


Morehouse Parish School Board

Bastrop, Louisiana



Annual Financial Report
As of and for the year ended June 30, 2014

**Morehouse Parish School Board
Bastrop, Louisiana**

**Annual Financial Report
As of and for the Year Ended June 30, 2014**

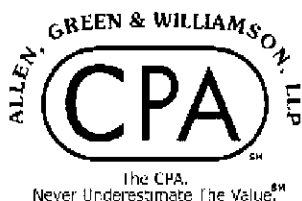
Morehouse Parish School Board
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Independent Auditor's Report

Board Members
Morehouse Parish School Board
Bastrop, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Morehouse Parish School Board, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Morehouse Parish School Board, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress for Other Post Employment Benefits Plan, and the Budgetary Comparison Schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

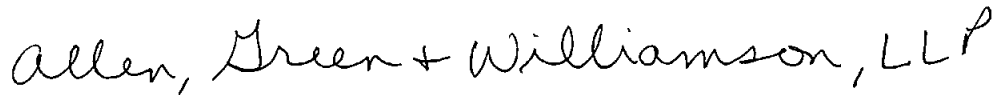
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Morehouse Parish School Board's basic financial statements. The accompanying supplementary information, as listed in the table of contents, and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2015 on our consideration of the Morehouse Parish School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Allen, Green & Williamson, LLP".

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
January 14, 2015

REQUIRED SUPPLEMENTARY INFORMATION:

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

Morehouse Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2014

Our discussion and analysis of Morehouse Parish School Board's financial performance provides an overview of the School Board's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the School Board's financial statements which follow this Management's Discussion and Analysis.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS The primary resources available to the School Board are local revenues which are primarily tax receipts, state revenues which are primarily Minimum Foundation Funding and cost reimbursement grants, and federal revenues which are primarily cost reimbursement grants.

Total revenues of the governmental activities increased \$4,288,094 for the year ended June 30, 2014 due mainly to increases in Operating Grants, State Equalization and Other General Revenues.

Operating grants increased by \$1,117,022, mainly due to the District receiving a 21st Century Grant for over \$600,000 for the first time in fiscal year 2013-2014. Additionally, there were various other increases in operating grants across the District. State equalization increased due to additional MFP funds which were generated by increased student counts.

Governmental activities expenses increased by \$4,026,244 from the prior year. The increase was mainly due to increases in the cost of salaries and benefits, reporting for Beekman Charter School expenditures, and expenditures from various grants.

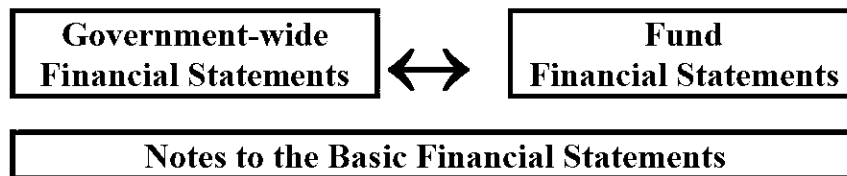
ANNUAL REPORT The School Board's annual report consists of a series of financial statements that show information for the School Board as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provide information about the activities of the School Board as a whole and present a longer-term view of the School Board's finances. Our fund financial statements are included later in this report. For our governmental activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the School Board's overall financial health. Fund financial statements also report the School Board's operations in more detail than the government-wide financial statements by providing information about the School Board's most significant funds, the General Fund, Title I, and Debt Service Fund. The remaining statement - the Statement of Fiduciary Assets and Liabilities presents financial information about activities for which the School Board acts solely as an agent for the benefit of students and parents.

**Morehouse Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2014**

Required Supplementary Information

Management's Discussion & Analysis (MD&A)

Basic Financial Statements



Required Supplementary Information

**Schedule of Funding Progress
Budgetary Information for Major Funds**

Supplementary Information

**Nonmajor Funds Combining Statements
Agency Funds Statements/Schedules
Schedule of Compensation Paid Board Members**

Our auditor has provided assurance in the independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance is being provided by the auditor regarding the Required Supplementary Information and the Supplementary Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

Reporting the School Board as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the School Board as a whole begins with the government-wide financial statements. One of the most important questions asked about the School Board is, "Is the School Board as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the School Board's financial statements, report information on the School Board as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Morehouse Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2014

These two statements report the School Board's net position - the difference between assets and liabilities, as reported in the Statement of Net Position - as one way to measure the School Board's financial health, or financial position. Over time, increases or decreases in the School Board's net position - as reported in the Statement of Activities - are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School Board's operating results. However, the School Board's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School Board.

The Statement of Net Position and Statement of Activities report the following activity for the School Board:

Governmental activities - all of the School Board's services are reported here, including instruction, plant services, transportation, and food services. Property taxes, sales taxes, Minimum Foundation Program funds, and state and federal grants finance most of these activities.

Reporting the School Board's Most Significant Funds

Fund Financial Statements

The School Board's fund financial statements provide detailed information about the most significant funds - not the School Board as a whole. Some funds are required to be established by State law and by bond covenants. However, the School Board establishes many other funds to help it control and manage money for particular purposes (like the school lunch) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants the School Board receives from the U.S. Department of Education). The School Board's governmental funds use the following accounting approach:

Governmental funds - All of the School Board's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School Board's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School Board's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation on Statements D and F.

The School Board as Trustee

Reporting the School Board's Fiduciary Responsibilities

The School Board is the trustee, or fiduciary, for its student activities funds. All of the School Board's fiduciary activities are reported in the Statements of Fiduciary Assets and Liabilities. We exclude these activities from the School Board's other financial statements because the School Board cannot use these assets to finance its operations.

The School Board is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Morehouse Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2014

THE SCHOOL BOARD AS A WHOLE The School Board's net position was (\$13,966,002) at June 30, 2014. Of this amount \$(23,089,137) was unrestricted. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use the net position for day-to-day operations. Our analysis below focuses on the net position, (Table 1) and the change in net position (Table 2) of the School Board's governmental activities.

Table 1
Net Position
June 30, 2014

	<u>2014</u>	<u>2013</u>	<u>Variance</u>
Other assets	\$ 12,809,759	\$11,433,070	\$ 1,376,689
Capital assets	<u>21,418,975</u>	<u>22,734,269</u>	<u>(1,315,294)</u>
Total assets	<u>34,228,734</u>	<u>34,167,339</u>	<u>61,395</u>
Other liabilities	4,303,319	3,885,097	418,222
Long-term liabilities	<u>43,891,417</u>	<u>40,004,744</u>	<u>3,886,673</u>
Total liabilities	<u>48,194,736</u>	<u>43,889,841</u>	<u>4,304,895</u>
Net position			
Net investment in capital assets	5,828,876	6,682,693	(853,817)
Restricted	3,294,259	3,453,471	(159,212)
Unrestricted	<u>(23,089,137)</u>	<u>(19,858,666)</u>	<u>(3,230,471)</u>
Total net position	<u><u>\$ (13,966,002)</u></u>	<u><u>\$ (9,722,502)</u></u>	<u><u>\$ (4,243,500)</u></u>

The (\$23,089,137) in unrestricted net position of governmental activities represents accumulated results of all past year's operations. The net position of the School Board decreased by \$4,243,500.

The results of this year's operations for the School Board as a whole are reported in the Statement of Activities. Table 2 on the next page, takes the information from that statement and rearranges it slightly so that readers can see total revenues for the year.

Morehouse Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2014

Table 2
Changes in Net Position
For the Year Ended June 30, 2014

	<u>Governmental Activities</u>		
	<u>2014</u>	<u>2013</u>	<u>Variance</u>
Net Position - beginning	\$ (9,722,502)	\$ (5,217,152)	\$ (4,505,350)
Revenues:			
Program revenues			
Charges for services	134,245	129,362	4,883
Operating grants and contributions	9,979,608	8,862,586	1,117,022
General Revenues			
Ad valorem taxes	6,309,307	6,542,538	(233,231)
Sales taxes	6,398,116	6,043,033	355,083
State equalization	29,164,870	27,761,947	1,402,923
Other general revenues	2,398,536	757,122	1,641,414
Total revenues	<u>54,384,682</u>	<u>50,096,588</u>	<u>4,288,094</u>
Functions/Program Expenses:			
Instruction			
Regular programs	25,199,826	21,330,441	3,869,385
Special programs	4,940,017	5,149,787	(209,770)
Other instructional programs	5,991,677	5,735,039	256,638
Support services			
Student services	3,120,152	3,120,024	128
Instructional staff support	2,898,731	2,649,475	249,256
General administration	1,161,589	1,196,719	(35,130)
School administration	2,703,697	2,788,666	(84,969)
Business services	870,724	783,690	87,034
Plant services	3,497,776	3,404,584	93,192
Student transportation services	3,526,469	3,242,276	284,193
Central services	855,428	989,990	(134,562)
Food Services	3,241,413	3,012,345	229,068
Interest on long-term debt	620,683	1,198,902	(578,219)
Total expenses	<u>58,628,182</u>	<u>54,601,938</u>	<u>4,026,244</u>
Increase (decrease) in net position	<u>(4,243,500)</u>	<u>(4,505,350)</u>	<u>261,850</u>
Net Position - ending	<u>\$ (13,966,002)</u>	<u>\$ (9,722,502)</u>	<u>\$ (4,243,500)</u>

Governmental Activities As reported in the Statement of Activities, the cost of all governmental activities this year was \$58,628,182. The amount that taxpayers ultimately financed for these activities through School Board taxes was only \$12,707,423 because some of the cost was paid by those who benefited from the programs \$134,245 or by other governments and organizations who subsidized certain programs with grants and contributions \$9,979,608. The School Board paid for the remaining amount of \$31,563,406 with \$29,164,870 in Minimum Foundation Program funds, \$2,398,536 in other revenues such as interest, and other local sources and the remainder was paid from beginning net position.

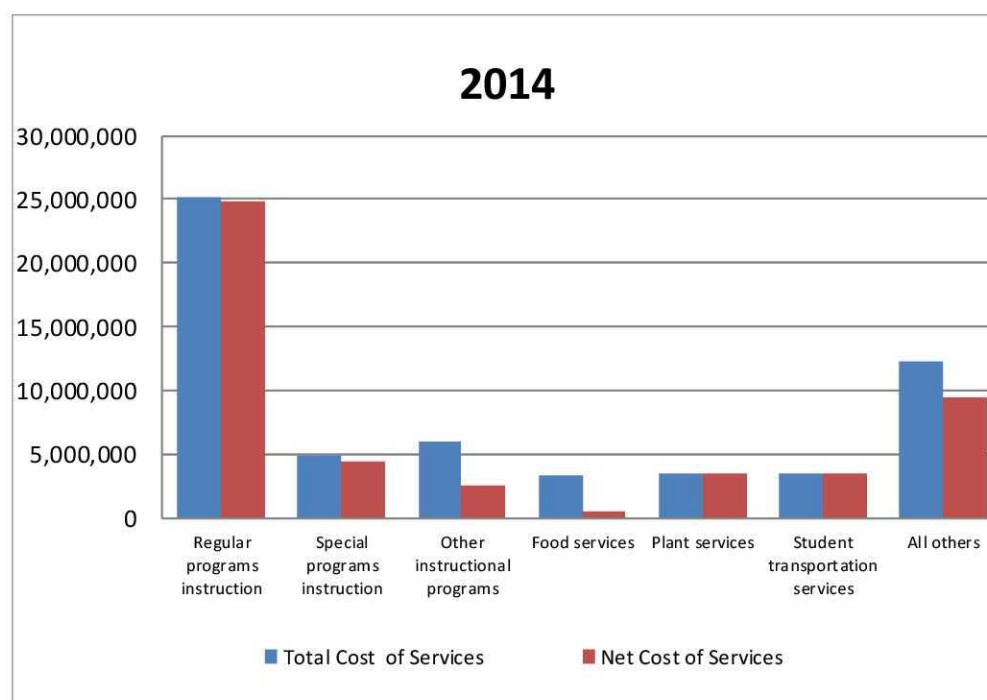
Morehouse Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2014

In the table below we have presented the cost of each of the School Board's six largest functions - regular programs, special programs, other instructional programs, plant services, student transportation services and food services as well as each program's net cost (total cost less revenues generated by the activities). Net cost shows the financial burden that was placed on the School Board's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

For the Years Ended June 30,
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Regular programs instruction	\$25,199,826	\$ 21,330,441	\$ 24,838,735	\$ 21,232,237
Special programs instruction	4,940,017	5,149,787	4,429,370	4,595,875
Other instructional programs	5,991,677	5,735,039	2,546,161	2,337,930
Plant services	3,497,776	3,404,584	3,475,202	3,396,166
Student transportation services	3,526,469	3,242,276	3,445,881	3,215,451
Food services	3,241,413	3,012,345	407,213	475,816
All others	12,231,004	12,727,466	9,371,767	10,356,515
Totals	<u>\$58,628,182</u>	<u>\$ 54,601,938</u>	<u>\$ 48,514,329</u>	<u>\$ 45,609,990</u>

Total Cost of Services versus Net Cost of Services
(in millions)



Morehouse Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2014

THE SCHOOL BOARD'S FUNDS As we noted earlier, the School Board uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the School Board is being accountable for the resources taxpayers and others provide to it but may also give you more insight into the School Board's overall financial health.

The fund balance of the general fund increased \$764,938 due mainly to revenue coming in higher than projected. Ad Valorem and Sales Tax came in approximately \$186,000 more than projected. Additionally, other revenue came in higher due to the recording shared services revenue from Beekman Charter. This increase is offset by increased expenditure also associated with Beekman Charter.

The debt service fund balance increased \$41,371 due mainly to slightly higher tax collections. Adjustments have been made in the millage rates to align collections with Debt Service requirements.

Title I fund is a cost reimbursement fund, which does not carry a fund balance.

Budgetary Highlights As mentioned earlier the School Board revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. (A schedule showing the School Board's original and final budgets compared with actual results is provided in the required supplemental information section of this report.)

Changes between the General Fund original and final budget were mainly due to an increase in revenue of approximately \$368,000 and expenditures projections that were reduced by \$396,741. Projected revenue from local taxes increased by \$344,000 based primarily on Sales Tax collections.

The General Fund's actual revenues were \$1,572,799 more than projected budgeted revenue amounts, due to the recording of shared services of Beekman Charter. Other revenue sources such as Ad valorem and sales taxes also came in slightly higher than projected.

The General Fund's actual expense were \$1,068,437 more than projected budgeted expense amounts, due to final expenditures recorded for Beekman Charter.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets At June 30, 2014, the School Board had \$21,418,975 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$1,315,294 or approximately 5.8%, from last year. For further detailed information, please refer to Notes to the Financials (Note 5).

Capital Assets at June 30,

	<u>2014</u>	<u>2013</u>
Land	\$ 319,013	\$ 319,013
Construction and Progress	263,593	76,020
Buildings	19,437,074	20,420,281
Furniture and Equipment	1,399,295	1,918,955
Totals	<u>\$ 21,418,975</u>	<u>\$ 22,734,269</u>

**Morehouse Parish School Board
Management's Discussion and Analysis (MD&A)
June 30, 2014**

DEBT ADMINISTRATION At June 30, 2014, the School Board has general obligation bonds, Series 2007, totaling \$4,065,000 which matures March 1, 2032 with an interest rate of 4.3-6%. The School Board also has general obligation bonds, 2003 Refunding, Series 2011, totaling \$7,245,000 which matures on March 1, 2028 with an interest rate of 3.17%. The School Board also has general obligation bonds, 2004 Refunding, Series 2012, totaling \$3,840,000 which matures on March 1, 2029 with an interest rate of 1.25-3.5%. The School Board also has general obligation bonds, Series 2013, totaling \$325,000 which matures on March 1, 2023 with an interest rate of .75-3.5%. Under state statute, the School Board is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2014, the School Board's net bonded debt of \$13,043,166 (total bonded debt of \$15,475,000 less assets in debt service funds of \$2,431,834) was well below the legal limit. For more detailed information, please refer to the Notes to the Financial Statement (Note 11).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES The major change anticipated in revenues for 2014-2015 will be decreased MFP funding due to a decrease in the student count. Additionally, the per pupil for Beekman Charter increased slightly and Beekman Charter elected to provide their own transportation services. The cost of employee benefits continues to adversely affect district operations by increasing expenditures. The district will continue to closely monitor revenues and expenditures so that deficit spending will be eliminated.

CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT Our financial report is designed to provide our citizens, taxpayers, parents, students, and investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Ms. Derenda Flowers, Business Manager, at the Morehouse Parish School Board, P. O. Box 872, Bastrop, Louisiana 71221-0872, telephone number (318) 281-5784.

Morehouse Parish School Board

BASIC FINANCIAL STATEMENTS:

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

MOREHOUSE PARISH SCHOOL BOARD

STATEMENT OF NET POSITION

June 30, 2014

	Statement A
	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ 8,718,029
Investments	79,216
Receivables	3,644,932
Inventory	170,110
Investment in land and buildings	197,472
Capital assets:	
Land and construction in progress	582,606
Capital assets, net of depreciation	<u>20,836,369</u>
TOTAL ASSETS	<u>34,228,734</u>
LIABILITIES	
Accounts, salaries and other payables	4,089,730
Unearned revenue	34,836
Interest payable	178,753
Long-term liabilities	
Due within one year	1,537,992
Due in more than one year	<u>42,353,425</u>
TOTAL LIABILITIES	<u>48,194,736</u>
NET POSITION	
Net investment in capital assets	5,828,876
Restricted:	
Debt Service Fund	2,253,081
School Food Service	967,584
Capital Projects	73,594
Unrestricted	<u>(23,089,137)</u>
TOTAL NET POSITION	<u>\$ (13,966,002)</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

MOREHOUSE PARISH SCHOOL BOARD

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

Statement B

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE)
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	REVENUE AND CHANGES IN NET POSITION
<i>Governmental activities:</i>				
Instruction:				
Regular programs	\$ 25,199,826	\$ -	\$ 361,091	\$ (24,838,735)
Special education programs	4,940,017	-	510,647	(4,429,370)
Other instructional programs	5,991,677	-	3,445,516	(2,546,161)
Support services:				
Student services	3,120,152	-	407,941	(2,712,211)
Instructional staff support	2,898,731	-	1,620,678	(1,278,053)
General administration	1,161,589	-	633,348	(528,241)
School administration	2,703,697	-	15,888	(2,687,809)
Business services	870,724	-	9,298	(861,426)
Plant services	3,497,776	-	22,574	(3,475,202)
Student transportation services	3,526,469	-	80,588	(3,445,881)
Central services	855,428	-	172,084	(683,344)
Food services	3,241,413	134,245	2,699,955	(407,213)
Interest on long-term debt	620,683	-	-	(620,683)
Total Governmental Activities	\$ 58,628,182	\$ 134,245	\$ 9,979,608	\$ (48,514,329)
General revenues:				
Taxes:				
Property taxes, levied for general purposes				6,309,307
Sales taxes, levied for general purposes				6,398,116
Grants and contributions not restricted to specific programs				
Minimum Foundation Program				29,164,870
Other unrestricted				235,734
State revenue sharing				187,057
Interest and investment earnings				9,954
Miscellaneous				1,965,791
Total general revenues				44,270,829
Changes in net position				(4,243,500)
Net position - beginning				(9,722,502)
Net position - ending				\$ (13,966,002)

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Morehouse Parish School Board

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**BASIC FINANCIAL STATEMENTS:
FUND FINANCIAL STATEMENTS (FFS)**

MOREHOUSE PARISH SCHOOL BOARD

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2014

	GENERAL	TITLE I	DEBT SERVICE
ASSETS			
Cash and cash equivalents	\$ 4,808,277	\$ -	\$ 2,420,793
Investments	79,216	-	-
Receivables	943,687	1,402,070	11,041
Interfund receivables	2,071,554	-	-
Inventory	54,455	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	7,957,189	1,402,070	2,431,834
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries and other payables	3,295,220	291,217	-
Interfund payables	-	1,110,853	-
Unearned revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	3,295,220	1,402,070	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Fund Balances:			
Nonspendable	54,455	-	-
Restricted	-	-	2,431,834
Committed	1,268,974	-	-
Unassigned	3,338,540	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	4,661,969	-	2,431,834
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,957,189	\$ 1,402,070	\$ 2,431,834
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Statement C

NONMAJOR GOVERNMENTAL	TOTAL
\$ 1,488,959	\$ 8,718,029
-	79,216
1,288,134	3,644,932
-	2,071,554
115,655	170,110
<u>2,892,748</u>	<u>14,683,841</u>
503,293	4,089,730
960,701	2,071,554
34,836	34,836
<u>1,498,830</u>	<u>6,196,120</u>
80,819	135,274
1,313,099	3,744,933
-	1,268,974
-	3,338,540
<u>1,393,918</u>	<u>8,487,721</u>
<u>\$ 2,892,748</u>	<u>\$ 14,683,841</u>

Morehouse Parish School Board

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MOREHOUSE PARISH SCHOOL BOARD

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2014**

Statement D

Total fund balances - governmental funds \$ 8,487,721

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the School Board as a whole. The cost of those capital assets allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Costs of capital assets	\$ 50,518,853	
Depreciation expense to date	<u>(29,099,878)</u>	21,418,975

Investment in land and school building that is closed. 197,472

Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long term - are reported in the Statement of Net Position.

Balances at June 30, 2014 are:

Long-term liabilities		
Bonds payable	(15,475,000)	
QZAB notes payable	(48,004)	
Bond premium	(67,095)	
Compensated absences payable	(1,085,447)	
OPEB payable	(27,215,871)	
Interest payable	<u>(178,753)</u>	
		<u>(44,070,170)</u>

Net Position of Governmental Activities	<u><u>\$ (13,966,002)</u></u>
---	-------------------------------

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

MOREHOUSE PARISH SCHOOL BOARD

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2014**

	<u>GENERAL</u>	<u>TITLE I</u>	<u>DEBT SERVICE</u>
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 4,452,658	\$ -	\$ 1,370,333
Sales and use	6,398,116	-	-
Interest earnings	6,882	-	2,424
Food services	-	-	-
Other	1,953,929	-	9,174
State sources:			
Equalization	29,104,870	-	-
Other	852,171	-	-
Federal sources	-	4,220,047	-
 Total Revenues	 <u>42,768,626</u>	 <u>4,220,047</u>	 <u>1,381,931</u>
 EXPENDITURES			
Current:			
Instruction:			
Regular programs	22,153,178	2,969	-
Special programs	3,805,990	-	-
Other instructional programs	1,976,309	2,468,517	-
Support services:			
Student services	2,363,715	180,596	-
Instructional staff support	1,014,144	963,329	-
General administration	412,969	421,555	50,242
School administration	2,444,703	-	-
Business services	785,135	3,829	-
Plant services	3,119,642	-	-
Student transportation services	2,840,561	10,923	-
Central services	567,384	168,329	-
Food services	423,502	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	32,003	-	730,000
Interest and bank charges	64,453	-	560,318
 Total Expenditures	 <u>42,003,688</u>	 <u>4,220,047</u>	 <u>1,340,560</u>
 EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	 <u>\$ 764,938</u>	 <u>\$ -</u>	 <u>\$ 41,371</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

		Statement E	
NONMAJOR		TOTAL	
GOVERNMENTAL			
\$	486,316	\$	6,309,307
	-		6,398,116
	648		9,954
	134,245		134,245
	3,999		1,967,102
	60,000		29,164,870
	187,274		1,039,445
	5,142,907		9,362,954
	6,015,389		54,385,993
	284,052		22,440,199
	510,704		4,316,694
	1,007,184		5,452,010
	217,621		2,761,932
	607,534		2,585,007
	234,189		1,118,955
	110,208		2,554,911
	133		789,097
	55,316		3,174,958
	120,725		2,972,209
	-		735,713
	2,680,686		3,104,188
	339,493		339,493
	34,000		796,003
	7,497		632,268
	6,209,342		53,773,637
\$	(193,953)	\$	612,356

(CONTINUED)

MOREHOUSE PARISH SCHOOL BOARD

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2014**

	<u>GENERAL</u>	<u>TITLE I</u>	<u>DEBT SERVICE</u>
OTHER FINANCING SOURCES (USES)			
Bonds issued	\$ -	\$ -	\$ -
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	764,938	-	41,371
Fund Balances - Beginning	<u>3,897,031</u>	<u>-</u>	<u>2,390,463</u>
Fund Balances - Ending	<u><u>\$ 4,661,969</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,431,834</u></u>

Statement E	
NONMAJOR GOVERNMENTAL	TOTAL
<u>\$ 339,000</u>	<u>\$ 339,000</u>
<u>339,000</u>	<u>339,000</u>
145,047	951,356
<u>1,248,871</u>	<u>7,536,365</u>
<u><u>\$ 1,393,918</u></u>	<u><u>\$ 8,487,721</u></u>

(CONCLUDED)

MOREHOUSE PARISH SCHOOL BOARD

**Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2014**

Statement F

Total net change in fund balances - governmental funds	\$	951,356
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the period:

Depreciation expense	\$	(1,583,256)	
Capital outlays		269,273	
Net capital outlays		269,273	(1,313,983)

The issuance of long-term debt provides current financial resources of governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Bonds issued		(339,000)	
Repayment of bond, certificate of indebtedness and notes payable principal		796,003	

Increase in OPEB liability		(4,519,280)
----------------------------	--	-------------

Bond premiums are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, bond premiums increases long-term debt and are amortized over the life of the bonds.		4,474
--	--	-------

In the Statement of Activities, certain operating expenses-compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time used (\$710,516) exceeded the amounts earned (\$539,386) by \$171,130.		171,130
---	--	---------

In the Statement of Activities reflects the effects of the disposition of capital assets during the year. The cost less the depreciation (net value) of the items disposed of during the year are not reflected in the fund balance.		(1,311)
--	--	---------

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		7,111
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Change in net position of governmental activities	\$	(4,243,500)
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THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

MOREHOUSE PARISH SCHOOL BOARD
FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2014

	Statement G
	<u>AGENCY FUND</u>
ASSETS	
Cash and cash equivalents	<u>\$ 206,168</u>
Total assets	<u>206,168</u>
LIABILITIES	
Deposits due others	<u>206,168</u>
Total liabilities	<u>\$ 206,168</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Morehouse Parish School Board
Notes to the Financial Statements
June 30, 2014

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Morehouse Parish School Board
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the School Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY The School Board was created by Louisiana Revised Statute LSA-R.S. 17:51 to provide public education for the children within Morehouse Parish. The School Board is authorized by LSA-R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The School Board is comprised of seven members who are elected from seven districts for terms of four years.

The School Board operates eleven schools within the parish with a total enrollment of approximately 4,409 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the School Board provides transportation and school food services for the students.

GASB Standards establish criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The School Board is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The School Board also has no *component units*, defined by GASB Standards as other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board has a significant relationship.

B. FUNDS The accounts of the School Board are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds of the School Board are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds Governmental funds account for the School Board's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of fixed assets, and the servicing of long-term debt. The School Board reports the following major governmental funds:

General Fund - the primary operating fund of the School Board accounts for all financial resources except those required to be accounted for in other funds.

Title I - This program is designed to improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. Primarily for provision of compensatory instructional activities to educationally deprived children that reside in low-income areas and have been selected on the basis of a needs assessment. Services supplement, not supplant, those normally provided by state and local educational agencies.

Morehouse Parish School Board
Notes to the Financial Statements
June 30, 2014

Debt Service - revenues received from ad valorem taxes and interest earnings are used to make principal and interest payments on bond indebtedness.

Fiduciary Funds Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the School Board.

Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. This fund is used to account for assets that the government holds for others in an agency capacity. The agency fund is as follows:

School activity agency fund - accounts for assets held by the School Board as an agent for the individual schools and school organizations.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS) The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The Statement of Net Position and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Standards.

Program revenues Program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions; program revenues reduce the cost of the function to be financed from the School Board's general revenues. Charges for services are primarily derived from cafeteria sales. Operating grants and contributions consist of the many educational grants received from the federal and state government.

Allocation of indirect expenses The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities.

Fund Financial Statements (FFS)

Governmental Funds The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when the obligations are expected to be liquidated with expendable available financial resources.

Morehouse Parish School Board
Notes to the Financial Statements
June 30, 2014

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recognized when all applicable eligibility requirements have been met and the resources are available.

Sales taxes are recognized when the underlying transaction occurs and the resources are available.

Entitlements and shared revenue (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible and accrual criteria are met.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Other receipts become measurable and available when cash is received by the School Board and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are accrued at June 30. Substantially all other expenditures are recognized when the related fund liability has been incurred.

Other Financing Sources (Uses) Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Fiduciary Funds The agency fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

D. DEPOSITS AND INVESTMENTS Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit amounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the School Board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments are limited by LSA-R.S. 33:2955 and the School Board's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are permitted per GASB Statement No. 31:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

Morehouse Parish School Board
Notes to the Financial Statements
June 30, 2014

The School Board reported at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

E. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as interfund receivables/payables on the balance sheet.

F. INVENTORIES Inventory is recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements.

Inventory of the school food service (special revenue fund) consists of food purchased by the School Board and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when received; however, all inventory items are recorded as expenditure when consumed. Unused commodities at June 30 are reported as unearned revenue. All purchased inventory items are valued at cost (first-in, first-out) and commodities are assigned values based on information provided by the United States Department of Agriculture. In 2007, School Food Service also implemented an inventory for all paper products purchased which are recorded as expenditure when consumed.

G. CAPITAL ASSETS Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed and depreciated over their estimated useful lives (including salvage value). The capitalization threshold is \$5,000 for all capital assets except intangibles. The capitalization threshold for intangibles is \$100,000. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings	10 - 40 years
Furniture and equipment	3 - 10 years

H. UNEARNED REVENUES The School Board reports unearned revenues on its combined balance sheet. Unearned revenues arise when resources are received by the School Board before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the School Board has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

I. COMPENSATED ABSENCES All twelve-month employees earn from twelve to eighteen days of sick leave each year, depending on their length of service. All employees working on a nine-month basis earn ten days of sick leave each year. Nine-month employees who work during the summer receive an additional one day of sick leave for each four weeks of summer work. Sick leave may be accumulated and carried forward to succeeding years without limitation. Upon retirement or death, employees or their heirs are paid for the value of accumulated sick leave not to exceed twenty-five days at the employee's current rate of pay. Under the Louisiana Teachers'

Morehouse Parish School Board
Notes to the Financial Statements
June 30, 2014

Retirement System and the Louisiana School Employees' Retirement System, all unpaid sick leave is used in the retirement benefit computation as earned service.

All twelve-month employees earn from ten to fifteen days of vacation leave each year, depending upon their length of service with the School Board. Twelve-month employees may accumulate and carry forward a maximum of fifteen days' vacation time to succeeding years. Any employee's vacation leave in excess of fifteen days is forfeited at year end without compensation. Upon separation of employment, all employees are paid for unused vacation leave.

The School Board's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- A. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- B. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- A. The employees' right to receive compensation is attributable to services already rendered.
- B. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Only the current portion of the liability for compensated absences is reported in the fund. The current portion is the amount left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. The School Board uses approach B to calculate the accrued sick leave liability. Employees with 5 years of experience or more are included in the calculation.

J. LONG-TERM OBLIGATIONS For government-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34, the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

The School Board provides certain continuing health care benefits for its retired employees. The OPEB plan is a single employer defined benefit "substantive plan" as understood by past practices of the School Board. Expenditures are recorded as payments are made for health insurance premiums.

K. RESTRICTED NET POSITION For the government-wide statement of net position, net position are reported as restricted when constraints placed on net asset use are either:

Morehouse Parish School Board
Notes to the Financial Statements
June 30, 2014

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation. Restricted net position reported in the statement of net position is restricted through enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Net position restricted for debt service is restricted by enabling legislation.

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School Board does not have an item that qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The School Board does not have an item that qualifies for reporting in this category.

M. FUND EQUITY OF FUND FINANCIAL STATEMENTS GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

Non-spendable: Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories and prepaid items.

Restricted: Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed: Fund balance that can only be used for specific purposes determined by the School Board's highest level of decision making authority. The Board is the highest level of decision making authority for the School Board that can, by adoption of a resolution prior to the end of the fiscal year commit fund balance. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit the funds.

Assigned: Fund balance that is constrained by the School Board's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Board.

Unassigned: Fund balance that is the residual classification for the general fund. A negative unassigned fund balance may be reported in governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

The School Board reduces committed amounts, followed by assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The School Board considers restricted amounts to have been spent when an expenditure has been incurred for purposes for which both restricted and unrestricted fund balance is available.

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N. INTERFUND TRANSACTIONS Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. SALES TAXES The Morehouse Parish School Board has three sales tax ordinances as follows:

The School Board has a one cent parish-wide sales and use tax as authorized in a special election held November 18, 1989. In accordance with the proposition approved by the voters of the parish, the net "revenues derived from said sales and use tax is to be dedicated and used solely for the purpose of providing funds for the payment of salaries of school employees in the Parish of Morehouse."

The School Board has a one half cent parish-wide sales and use tax. It was authorized in a special election held July 18, 1992. In accordance with the proposition approved by the voters of the parish, the net revenues derived from said sales and use tax is "to be dedicated and used for the purpose of acquiring, constructing, renovating, improving, equipping, furnishing, maintaining and operating public schools and school-related facilities in Morehouse Parish and for paying salaries and benefits for teachers and other personnel employed by the Morehouse Parish School Board." The tax was renewed in a special election held April 21, 2012 for a period of ten years commencing on October 1, 2014 and ending September 30, 2024.

An additional ½% sales tax was approved by the voters in a special election held July 19, 2003. The net revenues derived from this additional tax are "to be dedicated and used for acquiring, constructing, renovating, improving, equipping, furnishing, maintaining and operating public schools and school-related facilities in Morehouse Parish, and for paying salaries and benefits for teachers and other personnel employed by the Morehouse Parish School Board". The new sales tax is effective for eleven years commencing on October 1, 2014 and ending on September 30, 2024.

P. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Q. ELIMINATION AND RECLASSIFICATIONS In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified.

Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

NOTE 2 - LEVIED TAXES The School Board levies taxes on real and business personal property located within Morehouse Parish's boundaries. Property taxes are levied by the School Board on property values assessed by the Morehouse Parish Tax Assessor and approved by the state of Louisiana Tax Commission. The Morehouse Parish Sheriff's Office bills and collects all property taxes for the School Board except for the property located in the city of Bastrop which is billed and collected by the city of Bastrop. Collections are remitted to the School Board monthly.

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Property Tax Calendar

	<u>Parish (Except City of Bastrop)</u>	<u>City of Bastrop</u>
Tax bills mailed	November 5, 2013	November 2013
Total taxes are due	December 31, 2013	December 31, 2013
Lien date	June 10, 2014	January 1, 2014
Penalties and interest are added	January 1, 2014	February 1, 2014
Tax sale date(s)	May 13, 2014	May 2014

Assessed values are established by the Morehouse Parish Tax Assessor each year on a uniform basis at the following ratios of assessed value to fair market value:

10% land	25% public service properties, excluding land
10% residential improvements	15% other property
15% electronic cooperative properties, excluding land	

A revaluation of all property is required after 1978 to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2012. Total assessed value was \$139,665,872 in calendar year 2013. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was \$35,714,823 of the assessed value in calendar year 2013.

State law requires the Morehouse Parish Sheriff's Department to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 and March 15 as noted in the above property tax calendar of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Morehouse Parish Sheriff's Department is required by the *Constitution of the State of Louisiana* to sell the least quantity of property necessary to settle the taxes and interest owed.

All property taxes are recorded in the general fund and debt service fund. Revenues in such funds are recognized in the accounting period in which an enforceable legal claim arises. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year and are primarily due to subsequent adjustments to the tax roll. The School Board uses the lien date to establish the enforceable legal claim date. No receivable has been recorded for 2014 property taxes because the lien date is subsequent to year end.

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property. Therefore, there is no allowance for uncollectible taxes.

Morehouse Parish School Board
Notes to the Financial Statements
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The following is a summary of authorized and levied (tax rate per \$1,000 Assessed Value) ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parish-wide taxes:			
Constitutional	5.96	5.96	Statutory
Maintenance and operation	7.36	7.36	2014
Special leeway maintenance and operations	6.86	6.86	2014
Special 1998 capital program tax	11.41	11.41	2023
East Morehouse School District	9.44	9.44	2014
General obligation bonds debt service	Variable	10.00	2028
District taxes:			
Beekman (District 12)	5.11	5.11	2048

NOTE 3 - DEPOSITS AND INVESTMENTS At June 30, 2014, the School Board has deposits as follows:

Interest Rate Risk: The School Board's policy does not address interest rate risk.

Credit Risk: The School Board invests in certificates of deposit which do not have credit ratings. The School Board's policy does not address credit rate risk.

Custodial credit risk-Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the School Board's deposits may not be returned to it. At year end, the School Board's carrying amount of deposits was \$9,003,413 (Statement A - Cash and cash equivalents of \$8,718,029, Investments of \$79,216 and Statement G - \$206,168) and the bank balance was \$12,203,296. Of the bank balance, \$479,398 was covered by federal depository insurance or by collateral held by the School Board's agent in the School Board's name. The remaining \$11,723,898 of the bank balance was collateralized with securities held by the pledging financial institution's trust department or agent but not in the School Board's name. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell pledged securities within 10 days of being notified by the School Board that the fiscal agent has failed to pay deposited funds upon demand. The School Board's policy does not address custodial credit risk.

NOTE 4 - RECEIVABLES The receivables at June 30, 2014, are as follows:

<u>Class of Receivables</u>	<u>General</u>	<u>Title I</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total</u>
Taxes:					
Ad Valorem	\$ 12,571	\$ -	\$ 11,041	\$ -	\$ 23,612
Sales Tax	577,164	-	-	-	577,164
Intergovernmental - grants:					
Federal	-	1,402,070	-	1,239,946	2,642,016
State	70,390	-	-	45,577	115,967
Other	283,562	-	-	2,611	286,173
Total	<u>\$ 943,687</u>	<u>\$ 1,402,070</u>	<u>\$ 11,041</u>	<u>\$ 1,288,134</u>	<u>\$ 3,644,932</u>

No allowance for doubtful accounts has been established as the School Board expects to collect the full balance.

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NOTE 5 - CAPITAL ASSETS Capital assets balances and activity for the year ended June 30, 2014, are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Governmental activities				
Capital asset not being depreciated				
Land	\$ 319,013	\$ -	\$ -	\$ 319,013
Construction in progress	76,020	269,273	81,700	263,593
Total capital assets not being depreciated	<u>395,033</u>	<u>269,273</u>	<u>81,700</u>	<u>582,606</u>
Capital assets being depreciated				
Buildings	40,804,838	81,700	-	40,886,538
Furniture and equipment	9,074,518	-	24,809	9,049,709
Total capital assets being depreciated	<u>49,879,356</u>	<u>81,700</u>	<u>24,809</u>	<u>49,936,247</u>
Less accumulated depreciation				
Buildings	20,384,557	1,088,405	23,498	21,449,464
Furniture and equipment	7,155,563	494,851	-	7,650,414
Total accumulated depreciation	<u>27,540,120</u>	<u>1,583,256</u>	<u>23,498</u>	<u>29,099,878</u>
Total capital assets being depreciated, net	<u>22,339,236</u>	<u>(1,501,556)</u>	<u>1,311</u>	<u>20,836,369</u>
Governmental activities				
Capital assets, net	<u>\$ 22,734,269</u>	<u>\$ (1,232,283)</u>	<u>\$ 83,011</u>	<u>\$ 21,418,975</u>

Depreciation expense was charged to governmental activities as follows:

Regular programs	\$ 1,084,698
Special programs	56,004
Other instructional programs	4,653
Student services	381
General administration	2,954
Business services	1,064
Plant services	85,729
Student transportation services	300,033
Central services	27,607
Food services	20,133
Total depreciation expense	<u>\$ 1,583,256</u>

NOTE 6 - RETIREMENT SYSTEMS

Plan Description Substantially all School Board employees participate in either the Teachers' Retirement System or the Louisiana School Employees' Retirement System (the Systems), which are cost-sharing, multiple-employer public employee retirement systems (PERS). Benefit provisions are ultimately approved and amended by the Louisiana Legislature.

Participation in the Teachers' Retirement System is divided into two plans - the Teachers' Regular Plan and the Teachers' Plan B. In general, professional employees (such as teachers and principals) and lunchroom workers are members of the Louisiana Teachers' Retirement System (TRS); other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System (LSERS). Generally, all full-time employees are eligible to participate in the system.

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With respect to the Teachers' Retirement System Regular Plan, normal retirement is at age 60 with ten years of service, or at any age with 20 years of service. The formula for annual maximum retirement benefits is generally 2% (with less than 25 years of service) or 2.5% (with 25 or more years of service) times the years of creditable service times the average salary of the 36 highest successive months (plus \$300 applicable to persons becoming members prior to July 1, 1986).

Under the Teachers' Retirement System Plan B, normal retirement is at age 55 with at least 30 years of creditable service or at age 60 with at least ten years of creditable service. The retirement benefit formula is generally 2% times the years of creditable service times the retirees' average salary of the 36 highest successive months.

Employees participating in the School Employees' Retirement System are eligible for normal retirement after 30 years of service, or after 25 years of service at age 55 or after ten years of service at age 60. The maximum retirement allowance is computed at 2.5% times the highest 36 months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

Both TRS and LSERS issue annual financial reports. The reports can be obtained by telephoning or writing to the following:

Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, Louisiana 70804-9123
(225) 925-6446

Louisiana School Employees' Retirement System
Post Office Box 44516
Baton Rouge, Louisiana 70804
(225) 925-6484

Funding Policy Each system is administered and controlled at the state level by a separate board of trustees, with contribution rates approved and amended by the Louisiana Legislature. Benefits of the systems are funded by employee and employer contributions. Benefits granted by the retirement systems are guaranteed by the state of Louisiana under provisions of the Louisiana Constitution of 1974. The School Board's employer contribution for the TRS, as provided by state law, is funded by deductions from local ad valorem taxes, and by remittances from the School Board. For the LSERS, the School Board's employer contribution is funded by annual appropriations.

In addition, the employer does not remit to the Teachers' Retirement System, Regular Plan or Plan B, the employer's contribution for the professional improvement program (PIP) portion of payroll. The PIP contribution is made directly to the Retirement System by the state of Louisiana.

Contribution rates (as a percentage of covered salaries) for active plan members as established by the Louisiana Legislature for the year ended June 30, 2014 are as follows:

	<u>Employee</u>	<u>Employer</u>
Louisiana Teachers' Retirement System:		
Regular	8.0%	27.2%
Plan B	5.0%	29.1%
Louisiana School Employees' Retirement System	7.5%/8%	32.3%

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Total covered payroll of the School Board for TRS - Regular Plan, TRS - Plan B, and LSERS for the year ended June 30, 2014, amounted to \$20,257,839, \$430,417 and \$1,742,055, respectively. Employer contributions for the year ended June 30, 2014, and each of the two preceding years are as follows:

<u>Fiscal year ended</u>	<u>TRS</u>	<u>LSERS</u>
June 30, 2012	\$5,494,730	\$537,086
June 30, 2013	5,575,659	529,158
June 30, 2014	5,635,387	562,684

The School Board paid 100% of the annually required contributions.

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description - In accordance with state statutes, the School Board provides certain continuing health care and life insurance benefits for its retired employees on a pay-as-you-go basis. The School Board OPEB plan is a single employer defined benefit “substantive plan” as understood by past practices of the School Board and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communication to plan members. Also, no stand-alone financial report was prepared. Substantially all of the School Board’s employees become eligible for these benefits if they reach normal retirement age while working for the School Board. These benefits and similar benefits for active employees are provided through the Office of Group Benefits, whose monthly premiums are paid jointly by the employee and the School Board.

Funding Policy - The contribution requirements of plan members and the School Board are established and may be amended by LRS 42:801-883. Employees do not contribute to their post employment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a rate schedule. Contribution amounts are approximately 25% retiree/75% employer of the stated costs of healthcare coverage.

The plan is currently financed on a “pay as you go basis”, with the School Board contributing \$2,984,987 for 467 retirees for the year ended June 30, 2014.

Annual Other Post Employment Benefit Cost and Liability - The School Board’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45 which was implemented for the year ended June 30, 2009. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities (UAL) over a period of thirty years. A 30 year amortization period (the maximum amortization period allowed by GASB 45) was used for post employment benefits. The total ARC for fiscal year 2014 is \$8,016,468 as set forth below:

Normal Cost	\$ 3,781,056
30-year UAL amortization amount	4,235,412
Annual required contribution (ARC)	<u><u>\$ 8,016,468</u></u>

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The following table presents the School Board's OPEB Obligation for fiscal year 2014, 2013 and 2012:

	2014	2013	2012
Beginning Net OPEB Obligation July 1,	\$ 22,696,591	\$ 18,026,469	\$ 12,797,000
Annual required contribution	8,016,468	8,016,468	7,959,461
Interest on prior year Net OPEB Obligation	907,864	721,059	511,880
Adjustment to ARC	(1,420,065)	(1,127,868)	-
Annual OPEB Cost	7,504,267	7,609,659	8,471,341
Less current year retiree premiums	(2,984,987)	(2,939,537)	(3,241,872)
Increase in Net OPEB Obligation	4,519,280	4,670,122	5,229,469
Ending Net OPEB Obligation at June 30,	<u>\$ 27,215,871</u>	<u>\$ 22,696,591</u>	<u>\$ 18,026,469</u>

Utilizing the pay as you go method, the School Board contributed 40% of the annual post employment benefits cost during 2014, 39% during 2013, and 38% during 2012.

Funded Status and Funding Progress - Since the plan is not funded, the School Board's entire actuarial accrued liability of \$67,693,694 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2013, using the census data of the July 1, 2012 actuary report, was as follows:

	2014
Actuarial accrued liability (AAL)	\$ 67,693,694
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 67,693,694
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	\$ 22,190,873
UAAL as a percentage of covered payroll	305.05%

The Schedule of Funding Progress supplementary information follows the notes. The Schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2013, Morehouse Parish School Board actuarial valuation, using the census data as of July 1, 2012, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% rate of return on investments and a long term inflation rate of 2.50%. The expected rate on increase in healthcare costs was based on

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Pre-Medicare and Medicare eligible beginning at 6.7% graduated down to an ultimate annual rate of 4.4%. The RP 2000 system table with floating Scale AA was used in making actuarial assumptions in regards to mortality rates.

The remaining amortization period at June 30, 2014 for other post employment benefits (OPEB) was twenty-four years. The unfunded actuarial accrued liability is being amortized using a level dollar amortization factor. The unit credit actuarial cost method was used.

NOTE 8 - ACCOUNTS, SALARIES AND OTHER PAYABLES The payables at June 30, 2014, are as follows:

	General	Title I	Other Governmental	Total
Salaries and withholdings	\$2,450,686	\$ 281,707	\$ 376,343	\$3,108,736
Accounts	844,534	9,510	126,950	980,994
Total	<u>\$3,295,220</u>	<u>\$ 291,217</u>	<u>\$ 503,293</u>	<u>\$4,089,730</u>

NOTE 9 - COMPENSATED ABSENCES At June 30, 2014, employees of the School Board have accumulated and vested \$1,085,447 of employee leave benefits, including \$15,514 of salary related benefits. These employee leave benefits were computed in accordance with GASB Codification Section C60. Of the \$1,085,447 balance, \$710,516 is considered due within the next year and \$374,931 is considered long-term.

NOTE 10 - AGENCY FUND - DEPOSITS DUE OTHERS A summary of changes in agency fund deposits due others for the year ended June 30, 2014, are as follows:

Balance, beginning	\$ 243,616
Additions	1,133,620
Deductions	<u>1,171,068</u>
Balance, ending	<u>\$ 206,168</u>

NOTE 11 - LONG-TERM LIABILITIES The following is a summary of the long-term obligation transactions for the year ended June 30, 2014:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One year
Governmental Activities					
Bonds payable:					
General Obligation debt	\$ 15,880,000	\$ 339,000	\$ 744,000	\$ 15,475,000	\$ 791,000
Certificate of indebtedness	20,000	-	20,000	-	-
QZAB notes payable	80,007	-	32,003	48,004	32,003
Other liabilities:					
Compensated absences	1,256,577	539,386	710,516	1,085,447	710,516
Bond premium	71,569	-	4,474	67,095	4,473
OPEB Liability	<u>22,696,591</u>	<u>7,504,267</u>	<u>2,984,987</u>	<u>27,215,871</u>	<u>-</u>
Governmental activities					
Long-term liabilities	<u>\$ 40,004,744</u>	<u>\$ 8,382,653</u>	<u>\$ 4,495,980</u>	<u>\$ 43,891,417</u>	<u>\$1,537,992</u>

In the past, the liability for compensated absences and OPEB has been liquidated by the general fund.

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Individual obligation issues are as follows:

<u>General obligation</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Range of Maturities</u>	<u>Principal Outstanding</u>	<u>Interest Outstanding</u>
General Obligation Bonds Series 2013	\$ 339,000	.75-3.5%	2013-2023	\$ 325,000	\$ 48,601
General Obligation Bonds Series 2007	5,070,000	4.3-6%	2007-2032	4,065,000	2,029,783
General Obligation Bonds Series 2011	7,775,000	3.17%	2012-2028	7,245,000	1,863,008
General Obligation Bonds Series 2012	3,885,000	1.25-3.50%	2012-2029	3,840,000	1,035,013
<u>Notes payable</u>					
QZAB note	440,040		2002-2015	48,004	-
Total				<u>\$ 15,523,004</u>	<u>\$ 4,976,405</u>

The bonded debt is due as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2015	\$ 791,000	\$ 535,523	\$ 1,326,523
2016	817,000	510,999	1,327,999
2017	849,000	484,537	1,333,537
2018	875,000	456,600	1,331,600
2019	906,000	429,642	1,335,642
2020-2024	5,032,000	1,685,559	6,717,559
2025-2029	5,210,000	777,516	5,987,516
2030-2033	995,000	96,029	1,091,029
Total	<u>\$ 15,475,000</u>	<u>\$ 4,976,405</u>	<u>\$ 20,451,405</u>

Also, in November 2001, the School Board entered into a Qualified Zone Academy Bond Program (QZAB), with the Louisiana Local Government Environmental Facilities and Community Development Authority. This program allows qualified public schools within the state of Louisiana to borrow monies for various projects authorized under the QZAB Regulations. In November 2001, the School Board received \$440,040 from Qualified Zone Academy Bonds. The Qualified Zone Academy Bond Program is a federal program offered to school districts to acquire interest-free debt for selected projects. The federal government covers all the interest on the bonds.

The annual requirements to amortize these notes outstanding as of June 30, 2014, are as follows:

<u>Year Ending June 30,</u>	<u>QZAB Principal Payments</u>
2015	\$ 32,003
2016	16,001
Total	<u>\$ 48,004</u>

In accordance with Louisiana Revised Statute 39:562, the School Board is legally restricted from incurring long-term debt in excess of 35% of the assessed value of taxable property. At June 30, 2014, long term debt was well below the legal limit.

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District 12 issued \$339,000 in general obligation bonds for the purpose of acquiring, constructing, improving and maintaining or equipping public elementary or secondary schools.

NOTE 12 - INTERFUND TRANSACTIONS (FFS LEVEL ONLY)

Due from/to others:

Interfund receivable/payable:			
<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General	\$ 2,071,554	Title I	\$ 1,110,853
		Other Governmental	960,701
Total	<u>\$ 2,071,554</u>		<u>\$ 2,071,554</u>

The purpose of the interfund assets/liabilities was to cover current-year expenditures on cost reimbursement programs until the reimbursement requisitions are deposited.

NOTE 13 - LITIGATION AND CONTINGENCIES

Litigation The School Board is a defendant in several lawsuits. Management and legal counsel for the School Board believe that the potential claims against the School Board not covered by insurance would not materially affect the School Board's financial position.

Grant Disallowance The School Board participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. The School Board's management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Tax Arbitrage Rebate Under the Tax Reform Act of 1986, interest earned on the debt proceeds in excess of interest expense prior to the disbursement of the proceeds must be rebated to the Internal Revenue Service (IRS). Management believes there is no tax arbitrage rebate liability at year end.

NOTE 14 - RISK MANAGEMENT The School Board is at risk for worker's compensation, property damage, liability and theft which are covered by insurance policies. There was no substantial reduction of insurance coverage during 2014.

NOTE 15 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES On-behalf payments for fringe benefits and salaries are direct payments made by an entity (the paying agent) to a third-party recipient for the employees of another, legally separate entity (the employer entity). GASB Statement No. 24 requires employer governments to recognize revenue and expenditures or expenses for these on-behalf payments.

The State of Louisiana made pension contributions (regarding Professional Improvement Program) directly to the Teachers' Retirement System of Louisiana on behalf of the School Board in the amount of \$9,655 for the 2013-2014 year. This amount was recognized as state revenue and a corresponding expenditure in the applicable fund from which the salary was paid.

Morehouse Parish School Board
Notes to the Financial Statements
June 30, 2014

NOTE 16 - ECONOMIC DEPENDENCY Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 280-10-50-42 requires disclosure in financial statements of a situation where one entity provides more than ten percent of the audited entity's revenue. The Minimum Foundation funding provided by the state to all public school systems in Louisiana is primarily based on October 1 student count. The state provided \$29,164,870 which is 54% of total revenues.

NOTE 17 - FUND BALANCE CLASSIFICATION DETAILS The following are details of the fund balance classifications:

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total</u>
Non spendable:				
Inventory	\$ 54,455	\$ -	\$ 80,819	\$ 135,274
Restricted for:				
Debt Service	-	2,431,834	-	2,431,834
School Facilities	-	-	352,740	352,740
School Construction	-	-	73,594	73,594
Food Service	-	-	886,765	886,765
Committed to:				
Natural Disasters	1,000,000	-	-	1,000,000
Salaries and Benefits	268,974	-	-	268,974
Unassigned	3,338,540	-	-	3,338,540
Total	<u>\$ 4,661,969</u>	<u>\$ 2,431,834</u>	<u>\$ 1,393,918</u>	<u>\$ 8,487,721</u>

NOTE 18 - INVESTMENTS IN LAND AND BUILDINGS The School Board has \$197,472 in investments in land and buildings. This is for Carver Elementary School, which is not currently in use. Carver school closed in the 2010-2011 year. Eastside School also closed during the 2010-2011 year, but is under consideration for possible use in the future. Therefore, Eastside is not classified as an investment in land and buildings.

NOTE 19 - SUBSEQUENT EVENTS In fall of 2014 the PSB purchased five used school buses for a cost of \$160,000.

NOTE 20 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Appropriations in Individual Funds The following individual accounts and funds had actual expenditures over budgeted expenditures for the year ended June 30, 2014:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$ 40,935,251	\$ 42,003,688	\$ (1,068,437)

REQUIRED SUPPLEMENTARY INFORMATION

Morehouse Parish School Board

SCHEDULE OF FUNDING PROGRESS FOR OTHER POST EMPLOYMENT BENEFITS PLAN

June 30, 2014

		(a)	(b)	(b-a)	(a/b)	(c)	(b-a/c)
Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2009	7/1/2008	\$ -	\$ 68,694,031	\$ 68,694,031	0%	\$ 28,111,404	244.36%
6/30/2010	7/1/2008	-	68,694,031	68,694,031	0%	27,299,859	251.63%
6/30/2011	7/1/2010	-	69,548,047	69,548,047	0%	27,196,940	255.72%
6/30/2012	7/1/2010	-	69,548,047	69,548,047	0%	26,412,782	263.31%
6/30/2013	7/1/2012	-	67,693,694	67,693,694	0%	24,716,403	273.88%
6/30/2014	7/1/2012		67,693,694	67,693,694	0%	22,190,873	305.05%

**Morehouse Parish School Board
Budgetary Comparison Schedules**

GENERAL FUND The general fund accounts for all activities of the School Board except those that are accounted for in other funds.

TITLE I This program is designed to improve the educational opportunities of educationally deprived children by helping them succeed in the regular school program, attain grade level proficiency and improve achievement in basic and more advanced skills. Primarily for provision of compensatory instructional activities to educationally deprived children that reside in low-income areas and have been selected on the basis of a needs assessment. Services supplement, not supplant, those normally provided by state and local educational agencies.

MOREHOUSE PARISH SCHOOL BOARD

**GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2014**

Exhibit 1-1

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
BUDGETARY FUND BALANCES, BEGINNING	\$ 3,897,031	\$ 3,897,031	\$ 3,897,031	\$ -
Resources (inflows)				
Local sources:				
Ad valorem tax	4,371,792	4,417,943	4,452,658	34,715
Sales tax	5,948,524	6,246,375	6,398,116	151,741
Interest earnings	6,500	5,900	6,882	982
Other	516,297	780,534	1,953,929	1,173,395
State sources:				
Equalization	29,252,367	29,027,678	29,104,870	77,192
Other	731,818	717,397	852,171	134,774
Federal sources	378	-	-	-
Amounts available for appropriations	<u>44,724,707</u>	<u>45,092,858</u>	<u>46,665,657</u>	<u>1,572,799</u>
Charges to appropriations (outflows)				
Instruction:				
Regular programs	16,378,936	15,791,640	22,153,178	(6,361,538)
Special programs	4,190,266	3,850,623	3,805,990	44,633
Other instructional programs	1,993,525	1,971,479	1,976,309	(4,830)
Support services:				
Student services	2,352,467	2,370,133	2,363,715	6,418
Instructional staff support	944,817	952,447	1,014,144	(61,697)
General administration	466,288	459,735	412,969	46,766
School administration	2,365,272	2,373,406	2,444,703	(71,297)
Business services	774,022	820,191	785,135	35,056
Plant services	2,979,339	3,052,928	3,119,642	(66,714)
Student transportation services	2,688,078	2,870,096	2,840,561	29,535
Central services	559,549	561,159	567,384	(6,225)
Food services	407,451	427,006	423,502	3,504
Capital outlay	-	18,015	-	18,015
Debt service:				
Principal retirement	186,393	218,393	32,003	186,390
Interest and bank charges	63,850	65,000	64,453	547
Transfers to other funds	4,981,739	5,133,000	-	5,133,000
Total charges to appropriations	<u>41,331,992</u>	<u>40,935,251</u>	<u>42,003,688</u>	<u>(1,068,437)</u>
BUDGETARY FUND BALANCES, ENDING	<u>\$ 3,392,715</u>	<u>\$ 4,157,607</u>	<u>\$ 4,661,969</u>	<u>\$ 504,362</u>

MOREHOUSE PARISH SCHOOL BOARD

**TITLE I
Budgetary Comparison Schedule
For the Year Ended June 30, 2014**

Exhibit 1-2

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	AMOUNTS	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
BUDGETARY FUND BALANCES, BEGINNING	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Federal sources	3,963,047	5,794,060	4,220,047	(1,574,013)
Amounts available for appropriations	3,963,047	5,794,060	4,220,047	(1,574,013)
Charges to appropriations (outflows)				
Regular programs	2,969	2,969	2,969	-
Other instructional programs	2,240,901	3,887,711	2,468,517	1,419,194
Support services:				
Student services	180,596	180,596	180,596	-
Instructional staff support	963,329	963,329	963,329	-
General administration	392,171	576,374	421,555	154,819
Business services	3,829	3,829	3,829	-
Student transportation services	10,923	10,923	10,923	-
Central services	168,329	168,329	168,329	-
Total charges to appropriations	3,963,047	5,794,060	4,220,047	1,574,013
BUDGETARY FUND BALANCES, ENDING	\$ -	\$ -	\$ -	\$ -

Morehouse Parish School Board
Notes to the Budgetary Comparison Schedules

A. BUDGETS

General Budget Practices The School Board follows these procedures in establishing the budgetary data reflected in the combined financial statements:

State statute requires budgets to be adopted for the general fund and all special revenue funds.

Each year prior to September, the Superintendent submits to the Board proposed annual budgets for the general fund and special revenue funds' budgets. Public hearings are conducted, prior to the Board's approval, to obtain taxpayer comments. The operating budgets include proposed expenditures and the means of financing them.

Appropriations (unexpended budget balances) lapse at year-end.

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the function level. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. There were significant budget revisions during the year.

Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

Budget Basis of Accounting All governmental funds' budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are originally adopted or amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more. The School Board approves budgets at the function level and management can transfer amounts between line items within a function.

B. Excess of Expenditures over Appropriations in Individual Funds The following individual accounts and funds had actual expenditures over budgeted expenditures for the year ended June 30, 2014:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$ 40,935,251	\$ 42,003,688	\$ (1,068,437)

MOREHOUSE PARISH SCHOOL BOARD

**Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2014**

Note B - Budget to GAAP Reconciliation - Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

	<u>GENERAL FUND</u>	<u>TITLE I</u>
<u>Sources/inflows of resources:</u>		
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 46,665,657	\$ 4,220,047
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>(3,897,031)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>42,768,626</u>	<u>4,220,047</u>
<u>Uses/outflows of resources:</u>		
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	<u>42,003,688</u>	<u>4,220,047</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 42,003,688</u>	<u>\$ 4,220,047</u>

OTHER SUPPLEMENTARY INFORMATION

**COMBINING
NONMAJOR GOVERNMENTAL FUNDS -
BY FUND TYPE**

MOREHOUSE PARISH SCHOOL BOARD

**NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet - By Fund Type
June 30, 2014**

Exhibit 2

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
ASSETS			
Cash and cash equivalents	\$ 1,337,449	\$ 151,510	\$ 1,488,959
Receivables	1,286,046	2,088	1,288,134
Inventory	115,655	-	115,655
TOTAL ASSETS	2,739,150	153,598	2,892,748
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries and other payables	423,289	80,004	503,293
Interfund payables	960,701	-	960,701
Unearned revenue	34,836	-	34,836
Total Liabilities	1,418,826	80,004	1,498,830
Fund Balances:			
Nonspendable	80,819	-	80,819
Restricted	1,239,505	73,594	1,313,099
Total Fund Balances	1,320,324	73,594	1,393,918
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,739,150	\$ 153,598	\$ 2,892,748

MOREHOUSE PARISH SCHOOL BOARD

**NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type
For the Year Ended June 30, 2014**

Exhibit 3

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 430,334	\$ 55,982	\$ 486,316
Interest earnings	450	198	648
Food services	134,245	-	134,245
Other	-	3,999	3,999
State sources:			
Equalization	60,000	-	60,000
Other	187,274	-	187,274
Federal sources	5,142,907	-	5,142,907
Total Revenues	5,955,210	60,179	6,015,389
EXPENDITURES			
Current:			
Instruction:			
Regular programs	284,052	-	284,052
Special programs	510,704	-	510,704
Other instructional programs	1,007,184	-	1,007,184
Support services:			
Student services	217,621	-	217,621
Instructional staff support	607,534	-	607,534
General administration	223,825	10,364	234,189
School administration	110,208	-	110,208
Business services	-	133	133
Plant services	47,945	7,371	55,316
Student transportation services	120,725	-	120,725
Food services	2,680,686	-	2,680,686
Capital outlay	-	339,493	339,493
Debt service:			
Principal retirement	-	34,000	34,000
Interest and bank charges	-	7,497	7,497
Total Expenditures	5,810,484	398,858	6,209,342
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 144,726	\$ (338,679)	\$ (193,953)

(Continued)

MOREHOUSE PARISH SCHOOL BOARD

**NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type
For the Year Ended June 30, 2014**

Exhibit 3

	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
OTHER FINANCING SOURCES (USES)			
Bonds issued	\$ -	\$ 339,000	\$ 339,000
Total Other Financing Sources (Uses)	-	339,000	339,000
Net Change in Fund Balances	144,726	321	145,047
FUND BALANCES - BEGINNING	1,175,598	73,273	1,248,871
FUND BALANCES - ENDING	<u>\$ 1,320,324</u>	<u>\$ 73,594</u>	<u>\$ 1,393,918</u>

(Concluded)

Morehouse Parish School Board

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**Morehouse Parish School Board
Nonmajor Special Revenue Funds**

SCHOOL FOOD SERVICE Through cash grants and food donations, the school food services fund assist in providing a nutritious breakfast and lunch service for school students and to encourage the domestic consumption of nutritious agricultural commodities.

SPECIAL EDUCATION These grants to states assist them in providing a free appropriate public education to all children with disabilities.

TITLE II This program is designed to improve the skills of teachers and the quality of instruction in mathematics and science, also to increase the accessibility of such instruction to all students.

JAG/VOCATIONAL EDUCATION The purpose of these grants are to make the United States more competitive in the world economy by developing more fully the academic and occupational skills of all segments of the population, principally through concentrating resources on improving educational programs leading to academic and occupational skills needed to work in a technologically advanced society.

LA 4 The purpose of this program is to provide grants to states, territories, or tribes to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.

8(g) These grants are used to improve student academic achievement or vocational-technical skills. Other uses are the purchase of superior textbooks and providing support for teachers in critical shortage areas.

21st CENTURY (COMMUNITY LEARNING CENTER) This program provides assistance and targeted remediation, academics such as arts and technology, and recreational activities in an effort to provide safe, enriched environments to school communities.

RURAL EDUCATION ACHIEVEMENT This grant provides financial assistance to carry out activities to help improve the quality of teaching and learning.

ROTC This grant provides financial assistance to keep Reserve Officers Training Corps programs in high schools.

EAST MOREHOUSE PARISH TAX DISTRICT The capital projects funds are used to acquire and improve sites for school buildings and playgrounds, to purchase, erect, and/or improve school buildings and other school-related facilities, and to acquire the necessary equipment and furnishings for these facilities.

MISCELLANEOUS GRANTS These include various small federal and state grants, such as Math and Science, and Fresh Fruits and Vegetables.

MOREHOUSE PARISH SCHOOL BOARD

NONMAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 2014

	SCHOOL FOOD SERVICE	SPECIAL EDUCATION	TITLE II	JAG / VOCATIONAL EDUCATION	LA 4
ASSETS					
Cash and cash equivalents	\$ 948,457	\$ -	\$ -	\$ -	\$ -
Receivables	94,929	517,739	126,647	62,790	111,764
Inventory	115,655	-	-	-	-
TOTAL ASSETS	1,159,041	517,739	126,647	62,790	111,764
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts, salaries and other payables	156,621	75,604	5,720	15,328	16,675
Interfund payable	-	442,135	120,927	47,462	95,089
Unearned revenue	34,836	-	-	-	-
Total Liabilities	191,457	517,739	126,647	62,790	111,764
Fund Balances:					
Nonspendable	80,819	-	-	-	-
Restricted	886,765	-	-	-	-
Total Fund Balances	967,584	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,159,041	\$ 517,739	\$ 126,647	\$ 62,790	\$ 111,764

Exhibit 4

8 (g)	21st CENTURY GRANT	RURAL EDUCATION ACHIEVEMENT	ROTC	EAST MOREHOUSE PARISH TAX DISTRICT	MISCELLANEOUS GRANTS	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ 388,992	\$ -	\$ 1,337,449
19,463	275,505	50,775	-	320	26,114	1,286,046
-	-	-	-	-	-	115,655
19,463	275,505	50,775	-	389,312	26,114	2,739,150
11,012	83,528	6,593	-	36,572	15,636	423,289
8,451	191,977	44,182	-	-	10,478	960,701
-	-	-	-	-	-	34,836
19,463	275,505	50,775	-	36,572	26,114	1,418,826
-	-	-	-	-	-	80,819
-	-	-	-	352,740	-	1,239,505
-	-	-	-	352,740	-	1,320,324
\$ 19,463	\$ 275,505	\$ 50,775	\$ -	\$ 389,312	\$ 26,114	\$ 2,739,150

MOREHOUSE PARISH SCHOOL BOARD

NONMAJOR SPECIAL REVENUE FUNDS

**Combining Statement of Revenues, Expenditures,
and Change in Fund Balances
For the Year Ended June 30, 2014**

	SCHOOL FOOD SERVICE	SPECIAL EDUCATION	TITLE II	JAG / VOCATIONAL EDUCATION	LA 4
REVENUES					
Local sources:					
Taxes:					
Ad valorem	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	-	-	-	-	-
Food services	134,245	-	-	-	-
State sources:					
Equalization	60,000	-	-	-	-
Other	-	-	-	-	81,939
Federal sources	2,697,232	1,131,236	266,024	152,663	78,361
Total Revenues	2,891,477	1,131,236	266,024	152,663	160,300
EXPENDITURES					
Current:					
Instruction:					
Regular programs	-	59	103,173	9,490	-
Special programs	-	459,515	-	-	-
Other instructional programs	-	714	274	138,296	160,300
Support services:					
Student services	-	210,873	-	-	-
Instructional staff support	-	334,124	136,252	4,103	-
General administration	-	111,942	26,325	-	-
School administration	-	-	-	-	-
Plant services	-	-	-	-	-
Student transportation services	-	14,009	-	774	-
Food services	2,675,704	-	-	-	-
Total Expenditures	2,675,704	1,131,236	266,024	152,663	160,300
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	215,773	-	-	-	-
FUND BALANCES - BEGINNING	751,811	-	-	-	-
FUND BALANCES - ENDING	\$ 967,584	\$ -	\$ -	\$ -	\$ -

Exhibit 5

8 (g)	21st CENTURY GRANT	RURAL EDUCATION ACHIEVEMENT	ROTC	EAST MOREHOUSE PARISH TAX DISTRICT	MISCELLANEOUS GRANTS	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ 430,334	\$ -	\$ 430,334
-	-	-	-	450	-	450
-	-	-	-	-	-	134,245
-	-	-	-	-	-	60,000
79,221	-	-	-	-	26,114	187,274
-	632,362	92,678	89,267	-	3,084	5,142,907
79,221	632,362	92,678	89,267	430,784	29,198	5,955,210
-	-	-	-	168,380	2,950	284,052
-	-	-	-	25,466	25,723	510,704
79,221	419,916	72,943	89,267	46,253	-	1,007,184
-	-	-	-	6,619	129	217,621
-	116,275	10,564	-	6,082	134	607,534
-	62,579	9,171	-	13,808	-	223,825
-	-	-	-	110,208	-	110,208
-	-	-	-	47,945	-	47,945
-	33,592	-	-	72,088	262	120,725
-	-	-	-	4,982	-	2,680,686
79,221	632,362	92,678	89,267	501,831	29,198	5,810,484
-	-	-	-	(71,047)	-	144,726
-	-	-	-	423,787	-	1,175,598
\$ -	\$ -	\$ -	\$ -	\$ 352,740	\$ -	\$ 1,320,324

**Morehouse Parish School Board
Nonmajor Capital Projects Funds**

SCHOOL DISTRICT 12 CONSTRUCTION The capital projects funds are used to acquire and improve sites for school buildings and playgrounds, to purchase, erect, and/or improve school buildings and other school-related facilities, and to acquire the necessary equipment and furnishings for these facilities.

SCHOOL DISTRICT 12 BOND BEEKMAN The capital projects funds are used for the purpose of acquiring, constructing, improving, maintaining, or equipping public elementary and secondary schools in the district.

MOREHOUSE PARISH SCHOOL BOARD

NONMAJOR CAPITAL PROJECTS FUNDS

Combining Balance Sheet

June 30, 2014

Exhibit 6

	SCHOOL DISTRICT 12 CONSTRUCTION	SCHOOL DISTRICT 12 BOND BEEKMAN	TOTAL
ASSETS			
Cash and cash equivalents	\$ 979	\$ 150,531	\$ 151,510
Receivables	2,088	-	2,088
TOTAL ASSETS	3,067	150,531	153,598
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries, and other payables	90	79,914	80,004
Total Liabilities	90	79,914	80,004
Fund Balances:			
Restricted	2,977	70,617	73,594
Total Fund Balances	2,977	70,617	73,594
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,067	\$ 150,531	\$ 153,598

MOREHOUSE PARISH SCHOOL BOARD

NONMAJOR CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2014

Exhibit 7

	SCHOOL DISTRICT 12 CONSTRUCTION	SCHOOL DISTRICT 12 BOND BEEKMAN	TOTAL
REVENUES			
Local sources:			
Taxes:			
Ad valorem	\$ 55,982	\$ -	\$ 55,982
Interest earnings	33	165	198
Other	3,999	-	3,999
Total Revenues	<u>60,014</u>	<u>165</u>	<u>60,179</u>
EXPENDITURES			
Support services:			
General administration	1,833	8,531	10,364
Business services	90	43	133
Plant services	7,371	-	7,371
Capital outlay	84,350	255,143	339,493
Debt service:			
Principal retirement	34,000	-	34,000
Interest and bank charges	2,666	4,831	7,497
Total Expenditures	<u>130,310</u>	<u>268,548</u>	<u>398,858</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(70,296)</u>	<u>(268,383)</u>	<u>(338,679)</u>
OTHER FINANCING SOURCES (USES)			
Bonds issued	<u>-</u>	<u>339,000</u>	<u>339,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>339,000</u>	<u>339,000</u>
Net Change in Fund Balances	(70,296)	70,617	321
FUND BALANCES - BEGINNING	<u>73,273</u>	<u>-</u>	<u>73,273</u>
FUND BALANCES - ENDING	<u><u>\$ 2,977</u></u>	<u><u>\$ 70,617</u></u>	<u><u>\$ 73,594</u></u>

Morehouse Parish School Board
Agency Funds

SCHOOL ACTIVITIES AGENCY FUND The activities of the various individual school accounts are accounted for in the school activities agency fund. While the accounts are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

MOREHOUSE PARISH SCHOOL BOARD

AGENCY FUNDS

Statement of Changes in Assets and Liabilities

For the Year Ended June 30, 2014

Exhibit 8

	Balance, Beginning	Additions	Deductions	Balance, Ending
*****SCHOOL ACTIVITIES FUND*****				
ASSETS				
Cash and cash equivalents	\$ 243,616	\$ 1,133,620	\$ 1,171,068	\$ 206,168
	<u>243,616</u>	<u>1,133,620</u>	<u>1,171,068</u>	<u>206,168</u>
LIABILITIES				
Deposits due others	<u>243,616</u>	<u>1,133,620</u>	<u>1,171,068</u>	<u>206,168</u>
	<u>\$ 243,616</u>	<u>\$ 1,133,620</u>	<u>\$ 1,171,068</u>	<u>\$ 206,168</u>

MOREHOUSE PARISH SCHOOL BOARD

**SCHOOL ACTIVITIES AGENCY FUND
Schedule of Changes in Deposits Due Others
For the Year Ended June 30, 2014**

Exhibit 9

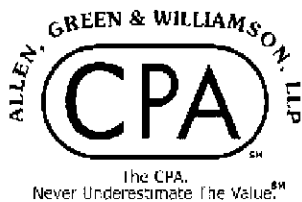
<u>SCHOOL</u>	<u>Balance, Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, Ending</u>
H. V. ADAMS	\$ 4,532	\$ 45,898	\$ 47,786	\$ 2,644
MOREHOUSE JUNIOR HIGH	35,793	82,352	94,156	23,989
BASTROP HIGH	86,625	597,488	609,748	74,365
BEEKMAN	5,568	-	5,568	-
CHERRY RIDGE	1,025	39,444	42,718	(2,249)
DELTA HIGH	32,816	129,961	104,157	58,620
MOREHOUSE MAGNET SCHOOL	10,452	75,600	80,467	5,585
OAK HILL	2,501	53,852	50,458	5,895
PINE GROVE	5,071	62,388	59,257	8,202
SOUTH SIDE	59,064	46,637	76,744	28,957
BLA	<u>169</u>	<u>-</u>	<u>9</u>	<u>160</u>
TOTAL	<u>\$ 243,616</u>	<u>\$ 1,133,620</u>	<u>\$ 1,171,068</u>	<u>\$ 206,168</u>

**Morehouse Parish School Board
Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2014**

Exhibit 10

The schedule of compensation paid to the School Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the School Board members is included in the general administrative expenditures of the General Fund. In accordance with Louisiana Revised Statute 17:56, the School Board members have elected the monthly payment method of compensation. Under this method, each member of the School Board receives \$200 per month, and the president receives an additional \$50 per month for performing the duties of his office.

Board Member	Amount
Michael Stephens, President	\$ 2,400
Robert Fenceroy, Vice President	2,400
Jeffrey Churchwell	2,400
Karen Diel	2,400
Tamika Farrell	2,700
Louis Melton	2,400
Ronald Vollmar	<u>2,700</u>
Total	<u>\$17,400</u>



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Jaime Esswein, CPA, CFE
Jaunicia Mercer, CPA, CFE

Ernest L. Allen, CPA
(Retired) 1963 - 2000

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

Board Members
Morehouse Parish School Board
Bastrop, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morehouse Parish School Board as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements, and have issued our report thereon dated January 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Morehouse Parish School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

The School Board's Response to Findings

The School Board's response to the finding identified in our audit is described in the accompanying Corrective Action Plan for Current Year Findings and Questioned Costs. The School Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

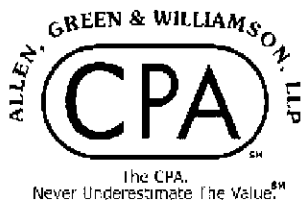
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the School Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink that reads "allen, green + williamson, LLP". The signature is written in a cursive, flowing style.

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
January 14, 2015



ALLEN, GREEN & WILLIAMSON, LLP

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Report on Compliance For Each Major Program; Report on Internal Control Over Compliance; Required by OMB Circular A-133

Independent Auditor's Report

Board Members
Morehouse Parish School Board
Bastrop, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Morehouse Parish School Board's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School Board's major federal programs for the year ended June 30, 2014. The School Board's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green + Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
January 14, 2015

Morehouse Parish School Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Exhibit 11

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	CFDA <u>Number</u>	Pass-Through <u>Grantor No.</u>	<u>Expenditures</u>
CASH FEDERAL AWARDS			
United States Department of Agriculture			
Passed Through Louisiana Department of Education:			
Child Nutrition Cluster:			
Cash Assistance:			
School Breakfast Program	10.553	N/A	\$ 629,113
National School Lunch Program	10.555	N/A	1,642,821
Summer Food Program	10.559	N/A	66,906
Total Cash Assistance			
Non-Cash Federal Awards:			
Food Distribution (Commodities)	10.555	N/A	147,557
Total Child Nutrition Cluster			\$ 2,486,397
Fresh Fruit and Vegetable Program	10.582	N/A	210,835
Total United States Department of Agriculture			<u>2,697,232</u>
Passed Through Louisiana Department of Education:			
Title I Grants to Local Educational Agencies	84.010A	28-14-T1-34	4,220,047
Special Education Cluster:			
Grants to States (Part B)	84.027	28-14-B1-34	1,063,827
Preschool Grants	84.173	28-14-P1-34	48,705
SALSA (SLPC Leadership Academy)	84.027A	28-12-SE-34	56,540
Total Special Education Cluster			1,169,072
Vocational Education			
Basic Grants to States	84.048	28-14-02-34	44,094
Title II (Mathematics and Science Partnerships)	84.366	28-10-MP-34	3,084
Title II (Improving Teacher Quality)	84.367	28-14-50-34	266,024
21st Century Grant	84.287C	28-14-C8-34	632,362
State Personnel Development Grant	84.323A	28-12-P3-34	18,704
Rural Education Achievement Program (REAP)	84.358	28-14-RE-34	92,678
Total United States Department of Education			<u>6,446,065</u>
United States Department of Health and Human Services			
Passed Through the Louisiana Department of Education:			
Temporary Assistance for Needy Families	93.558	28-13-36-34, 28-13-JS-34	130,390
United States Department of Defense			
Direct Programs			
Department of The Army			
ROTC	12.UNK	N/A	89,267
TOTAL FEDERAL AWARDS			<u>\$ 9,362,954</u>

Morehouse Parish School Board
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Morehouse Parish School Board. The School Board reporting entity is defined in note 1 to the School Board's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in note 1 to the School Board's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the School Board's basic financial statements as follows:

Title I	\$ 4,220,047
Non Major Governmental:	
School Food Service	2,697,232
Special Education	1,131,236
Title II	266,024
21st Century	632,362
JAG/ Vocational Education	152,663
LA4	78,361
Rural Education Achivement	92,678
ROTC	89,267
Miscellaneous Funds	3,084
Total	<u>\$ 9,362,954</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - MATCHING REVENUES For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 6 - NONCASH PROGRAMS AND LOANS OUTSTANDING The commodities received, which are noncash revenues, are valued using prices provided by the United States Department of Agriculture.

**Morehouse Parish School Board
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2014**

PART I - Summary of the Auditor's Results

Financial Statement Audit

- i. The type of audit report issued was unmodified.
- ii. There were no significant deficiencies required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There was one instance of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statements.

Audit of Federal Awards

- iv. There were no significant deficiencies required to be disclosed by OMB Circular A-133.
- v. The type of report the auditor issued on compliance for major programs was unmodified.
- vi. The audit disclosed no findings which the auditor is required to report under OMB Circular A-133, Section .510(a).
- vii. The major federal programs are:

Title I	CFDA #84.010A
Title II (Improving Teacher Quality)	CFDA #84.367
21 st Century Grant	CFDA #84.287C
Fresh Fruits and Vegetables	CFDA #10.582
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular A-133, Section .530.

**Morehouse Parish School Board
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2014**

Part II – Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and Title: **2014-001** **Budget Approval Requirements**

Entity-wide or program/department specific: This finding is entity wide.

Criteria or specific requirement: Louisiana State law states in RS17:88 that each parish school board shall adopt no later than September 15th of each year a budget for the general funds and each special revenue fund for the fiscal year.

Condition found: Upon reviewing the adoption of the June 30, 2014 budget it was noted that the budget was not adopted until the October 17, 2013 board meeting

Possible asserted effect (cause and effect):

Cause: Unknown

Effect: The School Board did not have their budget approved in accordance with state law.

Recommendation to prevent future occurrences: The School Board should strive to complete their budget in a timely manner to ensure that it is approved and submitted by the dates set out in state law.

View of responsible official: The School Board, Superintendent, and Administration will work together in a manner such that the District will adopt the budget in a timely manner and in accordance with State laws. The District has, in fact, corrected this finding with the adoption of the 2014-2015 budget in July 2014, well in advance of the deadline.

OTHER INFORMATION

**Morehouse Parish School Board
Summary Schedule of Prior Year Audit Findings
June 30, 2014**

Reference # and Title: **2013-001** **Sinking Fund Requirements**

Origination date:

Entity-wide or program/department specific: This finding is entity wide.

Condition: Louisiana Revised Statute 39:704 requires each sinking fund issue to ascertain that the amount of millages levied is reasonable. The balance in the fund should not be more than one year of debt service requirements. The proceeds of any special tax shall constitute a trust fund to be used exclusively for the object purposes for which the tax was levied. The records of the taxing authority shall clearly reflect the objects and purposes for which the proceeds of the tax are used.

In testing the fund balance remaining in the sinking fund, it was noted that the Debt Service Fund had a remaining fund balance of \$1,103,980 after reducing it for the \$1,286,483 in bond payments to be made in the next fiscal year. This amount is considered to be excessive.

Corrective action taken: School District officials will closely monitor Debt Service requirements for subsequent years and will adjust millages to ensure excessive balances are not accumulated.

**Morehouse Parish School Board
Corrective Action Plan for Current Year Audit Findings
June 30, 2014**

Reference # and Title: **2014-001** **Budget Approval Requirements**

Entity-wide or program/department specific: This finding is entity wide

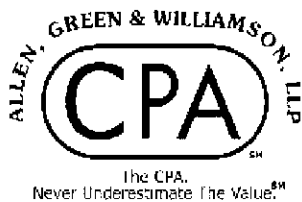
Condition: Upon reviewing the adoption of the June 30, 2014 budget it was noted that the budget was not adopted until the October 17, 2013 board meeting

Corrective action planned: The School Board, Superintendent, and Administration will work together in a manner such that the District will adopt the budget in a timely manner and in accordance with State laws. The District has, in fact, corrected this finding with the adoption of the 2014-2015 budget in July 2014, well in advance of the deadline.

Person responsible for corrective action:

Dr. George Noflin, Superintendent	Telephone: (318) 281-5784
Morehouse Parish School Board	Fax: (318) 283-3456
P. O. Box 872	
Bastrop, LA 71221-0872	

Anticipated completion date: The District has, in fact, corrected this finding with the adoption of the 2014-2015 budget in July 2014, well in advance of the deadline.



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(Retired) 1963 - 2000

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board Members
Morehouse Parish School Board
Bastrop, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Morehouse Parish School Board, Bastrop, Louisiana, and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School Board and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE). This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the reports. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures,
- Total General Fund Equipment Expenditures,
- Total Local Taxation Revenue,
- Total Local Earnings on Investment in Real Property,
- Total State Revenue in Lieu of Taxes,
- Nonpublic Textbook Revenue, and
- Nonpublic Transportation Revenue.

Comment: No exceptions noted as a result of applying the agreed upon procedure.

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1.

Comment: No exceptions noted as a result of applying the agreed upon procedure.

3. We reconciled the combined total of principals and assistant principals per schedule "Experience of Public Principals and Full-time Teachers" to the combined total of principals and assistant principals per this schedule.

Comment: No exceptions noted as a result of applying the agreed upon procedure.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determine if the individual's education level was properly classified on the schedule.

Comment: No exceptions noted as a result of applying the agreed upon procedure.

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555)

Comment: No exceptions noted as a result of applying the agreed upon procedure.

Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Comment: No exceptions noted as a result of applying the agreed upon procedure.

Public Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Comment: In testing the 25 teachers, it was noted that salaries paid for after school tutoring and summer school for 14 teachers were not included in the calculations to make Schedule 5. Also, full-time equivalents were calculated incorrectly. PEP report is showing a higher amount of available working minutes than what teachers actually worked during the year. Therefore, all teachers had a FTE of less than 1.

Management's response: District staff members have reviewed all parameters associated with PEP reporting and have made the necessary changes to ensure that extra pay and summer school pay are handled appropriately and included in pay as necessary and appropriate to accurately complete schedule 5. Additionally, District Staff members have communicated with our Software Company and began a review of the calculations of minutes and FTE so that calculations will be made accurately in the future.

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Comment: No exceptions noted as a result of applying the agreed upon procedure.

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

Comment: No exceptions noted as a result of applying the agreed upon procedure.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

Comment: No exceptions noted as a result of applying the agreed upon procedure.

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

Comment: Schedule 8 is no longer applicable.


The Iowa Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

Comment: No exceptions noted as a result of applying the agreed upon procedure.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Morehouse Parish School Board, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
January 14, 2015

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2014**

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 14,373,489	
Other Instructional Staff Activities	1,085,731	
Instructional Staff Employee Benefits	8,813,651	
Purchased Professional and Technical Services	248,394	
Instructional Materials and Supplies	564,000	
Instructional Equipment	3,462	
Total Teacher and Student Interaction Activities		\$ 25,088,727
Other Instructional Activities		190,275
Pupil Support Services	\$ 2,481,087	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		2,481,087
Instructional Staff Services	\$ 1,132,423	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		1,132,423
School Administration	\$ 2,825,193	
Less: Equipment for School Administration	-	
Net School Administration		2,825,193
Total General Fund Instructional Expenditures (Total of Column B)		\$ 31,717,705
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		\$ 11,105
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		\$ 816,007
Renewable Ad Valorem Tax		3,995,431
Debt Service Ad Valorem Tax		1,370,333
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		127,537
Result of Court Ordered Settlement (Ad Valorem)		-
Penalties/Interest on Ad Valorem Taxes		-
Taxes Collected Due to Taxes Incremental Financing (TIF) (Ad Valorem)		-
Sales Taxes		
Sales and Use Taxes - Gross		6,398,115
Sales/Use Taxes - Court Settlement		-
Penalties/Interest on Sales/Use Taxes		-
Sales/Use Taxes Collected Due to TIF		-
Total Local Taxation Revenue		\$ 12,707,423
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		\$ 293,641
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		\$ 293,641
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		\$ 69,288
Revenue Sharing - Other Taxes		117,769
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes		\$ 187,057
Nonpublic Textbook Revenue		\$ 7,123
Nonpublic Transportation Revenue		\$ -

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Education Levels of Public School Staff
As of October 1, 2013**

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	1	0.34%	0	0.00%	0	0%	0	
Bachelor's Degree	161	55.12%	18	6.16%	0	0%	0	
Master's Degree	62	21.22%	5	1.71%	3	1.03%	0	
Master's Degree + 30	29	9.96%	1	0.34%	8	2.74%	0	
Specialist in Education	1	0.34%	0	0%	1	0.34%	0	
Ph. D. or Ed. D.	0	0%	0	0%	2	0.68%	0	
Total	254	86.99%	24	8.21%	14	4.79%	0	-

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Number and Type of Public Schools
For the Year Ended June 30, 2014

Type	Number
Elementary	7
Middle/Jr. High	2
Secondary	1
Combination	1
Total	11

Note: Schools opened or closed during the fiscal year are included in this schedule.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers
As of October 1, 2013

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	0	0	1	0	3	4
Principals	0	0	0	1	1	2	6	10
Classroom Teachers	34	23	69	34	46	27	45	278
Total	34	23	69	35	48	29	54	292

**MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana**

**Public School Staff Data: Average Salaries
For the Year Ended June 30, 2014**

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$54,764.00	\$54,128.00
Average Classroom Teachers' Salary Excluding Extra Compensation	\$53,444.00	\$52,819.00
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	243.20	232.00

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Class Size Characteristics
As of October 1, 2013

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	53.76%	286	35.71%	190	9.96%	53	0.56%	3
Elementary Activity Classes	58.39%	80	25.55%	35	8.03%	11	8.03%	11
Middle/Jr. High	81.94%	177	17.13%	37	0.93%	2	0.00%	0
Middle/Jr. High Activity Classes	97.26%	71	2.74%	2	0.00%	0	0.00%	0
High	61.76%	260	26.84%	113	11.40%	48	0.00%	0
High Activity Classes	92.13%	82	6.74%	6	1.12%	1	0.00%	0
Combination	63.25%	148	34.62%	81	1.71%	4	0.43%	1
Combination Activity Classes	64.58%	31	16.67%	8	6.25%	3	12.50%	6

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2014

District Achievement Level Results	English Language Arts						Mathematics					
	2014		2013		2012		2014		2013		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	2	0.5%	9	2.5%	11	2.8%	14	3.6%	24	6.7%	19	4.9%
Mastery	75	19.6%	59	16.3%	53	13.7%	72	18.8%	66	18.3%	59	15.1%
Basic	173	45.3%	178	49.2%	199	51.3%	170	44.3%	142	39.4%	207	53.1%
Approaching Basic	76	19.9%	87	24.0%	88	22.7%	72	18.8%	73	20.3%	79	20.3%
Unsatisfactory	56	14.7%	29	8.0%	37	9.5%	56	14.6%	55	15.3%	26	6.7%
Total	382	100.0%	362	100.0%	388	100.0%	384	100.0%	360	100.0%	390	100.0%

District Achievement Level Results	Science						Social Studies					
	2014		2013		2012		2014		2013		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	6	1.6%	5	1.4%	15	3.8%	0	0.0%	2	0.6%	3	0.8%
Mastery	26	6.8%	47	13.0%	43	11.0%	22	5.8%	43	11.9%	42	10.7%
Basic	173	45.3%	146	40.4%	170	43.5%	173	45.3%	167	46.3%	174	44.4%
Approaching Basic	130	34.0%	109	30.2%	121	30.9%	118	30.9%	100	27.7%	106	27.0%
Unsatisfactory	47	12.3%	54	15.0%	42	10.7%	69	18.1%	49	13.6%	67	17.1%
Total	382	100.0%	361	100.0%	391	100.0%	382	100.0%	361	100.0%	392	100.0%

District Achievement Level Results	English Language Arts						Mathematics					
	2014		2013		2012		2014		2013		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	4	1.2%	8	2.8%	11	3.3%	5	1.5%	2	0.7%	7	2.1%
Mastery	37	10.9%	41	14.2%	41	12.2%	13	3.8%	10	3.5%	15	4.5%
Basic	123	36.4%	120	41.7%	137	40.9%	137	40.4%	130	45.1%	144	43.0%
Approaching Basic	139	41.1%	90	31.3%	127	37.9%	99	29.2%	72	25.0%	107	31.9%
Unsatisfactory	35	10.4%	29	10.1%	19	5.7%	85	25.1%	74	25.7%	62	18.5%
Total	338	100.0%	288	100.0%	335	100.0%	339	100.0%	288	100.0%	335	100.0%

District Achievement Level Results	Science						Social Studies					
	2014		2013		2012		2014		2013		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	1	0.3%	3	1.0%	7	2.1%	2	0.6%	5	1.7%	5	1.5%
Mastery	29	8.9%	37	12.9%	34	10.1%	21	6.4%	22	7.7%	26	7.8%
Basic	125	38.2%	112	39.2%	103	30.7%	121	37.0%	115	40.2%	150	44.8%
Approaching Basic	114	34.9%	93	32.5%	135	40.2%	112	34.3%	85	29.7%	100	29.9%
Unsatisfactory	58	17.7%	41	14.3%	57	17.0%	71	21.7%	59	20.6%	54	16.1%
Total	327	100.0%	286	100.0%	336	100.0%	327	100.0%	286	100.0%	335	100.0%

MOREHOUSE PARISH SCHOOL BOARD
Bastrop, Louisiana

IOWA and iLEAP Tests
For the Year Ended June 30, 2014

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	3	0.8%	22	6.0%	9	2.5%	1	0.3%
Mastery	54	14.8%	70	19.2%	47	12.9%	51	14.0%
Basic	144	39.6%	138	37.9%	143	39.3%	150	41.2%
Approaching Basic	97	26.6%	76	20.9%	109	29.9%	84	23.1%
Unsatisfactory	66	18.1%	58	15.9%	56	15.4%	78	21.4%
Total	364	100.0%	364	100.0%	364	100.0%	364	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	5	1.8%	13	4.7%	4	1.4%	0	0.0%
Mastery	20	7.2%	23	8.3%	25	9.0%	16	5.8%
Basic	130	46.9%	122	43.9%	112	40.3%	131	47.3%
Approaching Basic	85	30.7%	69	24.8%	103	37.1%	77	27.8%
Unsatisfactory	37	13.4%	51	18.3%	34	12.2%	53	19.1%
Total	277	100.0%	278	100.0%	278	100.0%	277	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	3	0.9%	7	2.0%	3	0.9%	12	4.1%
Mastery	28	8.0%	36	10.2%	26	7.4%	19	6.5%
Basic	174	49.6%	174	49.4%	139	39.5%	126	43.3%
Approaching Basic	115	32.8%	63	17.9%	138	39.2%	125	43.0%
Unsatisfactory	31	8.8%	72	20.5%	46	13.1%	9	3.1%
Total	351	100.0%	352	100.0%	352	100.0%	291	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	4	1.6%	10	3.9%	5	1.9%	6	2.3%
Mastery	26	10.1%	25	9.7%	39	15.2%	21	8.2%
Basic	131	50.8%	133	51.8%	101	39.3%	105	40.9%
Approaching Basic	86	33.3%	66	25.7%	82	31.9%	78	30.4%
Unsatisfactory	11	4.3%	23	8.9%	30	11.7%	47	18.3%
Total	258	100.0%	257	100.0%	257	100.0%	257	100.0%

District Achievement Level Results	English Language Arts		Mathematics	
	2012		2012	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced	0	0.0%	0	0.0%
Mastery	0	0.0%	0	0.0%
Basic	0	0.0%	0	0.0%
Approaching Basic	0	0.0%	0	0.0%
Unsatisfactory	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%

* In 2012 Grade 9 did not take the iLEAP Test

(Continued)

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	5	1.3%	13	3.5%	17	4.6%	6	1.6%
Mastery	48	12.9%	64	17.3%	53	14.3%	44	11.9%
Basic	167	45.0%	159	42.9%	147	39.6%	152	41.0%
Approaching Basic	87	23.5%	82	22.1%	111	29.9%	89	24.0%

Unsatisfactory	64	17.3%	53	14.3%	43	11.6%	80	21.6%
Total	371	100.0%	371	100.0%	371	100.0%	371	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	3	1.0%	6	2.0%	4	1.3%	6	2.0%
Mastery	25	8.2%	29	9.5%	27	8.8%	22	7.2%
Basic	131	43.1%	158	51.8%	130	42.5%	118	38.4%
Approaching Basic	93	30.6%	80	26.2%	114	37.3%	84	27.4%
Unsatisfactory	52	17.1%	32	10.5%	31	10.1%	77	25.1%
Total	304	100.0%	305	100.0%	306	100.0%	307	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	5	1.6%	10	3.2%	3	1.0%	10	3.2%
Mastery	19	6.1%	24	7.7%	35	11.4%	14	4.5%
Basic	134	43.2%	150	48.4%	113	36.7%	109	35.4%
Approaching Basic	102	32.9%	63	20.3%	106	34.4%	86	27.9%
Unsatisfactory	50	16.1%	63	20.3%	51	16.6%	89	28.9%
Total	310	100.0%	310	100.0%	308	100.0%	308	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2013		2013		2013		2013	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	8	2.5%	4	1.3%	2	0.6%	4	1.3%
Mastery	33	10.3%	16	5.0%	34	10.7%	29	9.1%
Basic	150	47.0%	156	48.8%	113	35.5%	129	40.6%
Approaching Basic	99	31.0%	90	28.1%	113	35.5%	81	25.5%
Unsatisfactory	29	9.1%	54	16.9%	56	17.6%	75	23.6%
Total	319	100.0%	320	100.0%	318	100.0%	318	100.0%

District Achievement Level Results	English Language Arts		Mathematics	
	2013		2013	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced	0	0.0%	0	0.0%
Mastery	0	0.0%	0	0.0%
Basic	0	0.0%	0	0.0%
Approaching Basic	0	0.0%	0	0.0%
Unsatisfactory	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%

* In 2013 Grade 9 did not take the iLEAP Test

(Continued)

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2014		2014		2014		2014	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	5	1.5%	26	7.7%	8	2.4%	2	0.6%
Mastery	42	12.4%	43	12.7%	38	11.2%	43	12.7%
Basic	132	39.1%	114	33.7%	121	35.8%	137	40.5%
Approaching Basic	76	22.5%	74	21.9%	103	30.5%	87	25.7%
Unsatisfactory	83	24.6%	81	24.0%	68	20.1%	69	20.4%
Total	338	100.0%	338	100.0%	338	100.0%	338	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2014		2014		2014		2014	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	3	1.0%	6	2.1%	2	0.7%	1	0.3%
Mastery	35	11.9%	14	4.8%	27	9.2%	11	3.7%
Basic	118	40.3%	141	48.3%	120	40.7%	123	41.7%
Approaching Basic	81	27.6%	59	20.2%	88	29.8%	105	35.6%
Unsatisfactory	56	19.1%	72	24.7%	58	19.7%	55	18.6%
Total	293	100.0%	292	100.0%	295	100.0%	295	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2014		2014		2014		2014	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	4	1.2%	10	2.9%	5	1.4%	11	3.2%
Mastery	27	7.8%	16	4.6%	23	6.6%	23	6.6%
Basic	132	38.0%	153	44.1%	117	33.8%	103	29.8%
Approaching Basic	108	31.1%	104	30.0%	139	40.2%	137	39.6%
Unsatisfactory	76	21.9%	64	18.4%	62	17.9%	72	20.8%
Total	347	100.0%	347	100.0%	346	100.0%	346	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2014		2014		2014		2014	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	9	3.2%	7	2.5%	6	2.1%	8	3.9%
Mastery	32	11.3%	23	8.1%	33	11.7%	21	10.3%
Basic	113	39.9%	133	47.0%	100	35.3%	110	53.9%
Approaching Basic	87	30.7%	74	26.1%	101	35.7%	8	3.9%
Unsatisfactory	42	14.8%	46	16.3%	43	15.2%	57	27.9%
Total	283	100.0%	283	100.0%	283	100.0%	204	100.0%

District Achievement Level Results	English Language Arts		Mathematics	
	2014		2014	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced	0	0.0%	0	0.0%
Mastery	0	0.0%	0	0.0%
Basic	0	0.0%	0	0.0%
Approaching Basic	0	0.0%	0	0.0%
Unsatisfactory	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%

* In 2014 Grade 9 did not take the iLEAP Test

(Concluded)